

**THIS UNIFORM TYPE 4 INTRODUCER/CARRIER BROKER AGREEMENT**  
made this      day of                      , .

**B E T W E E N:**

[                      ]

(hereinafter called the "Type 4 Carrying Broker", or the "T4CB")

OF THE FIRST PART,

- and -

[                      ]

(hereinafter called the "Type 4 Introducing Broker", or the "T4IB")

OF THE SECOND PART.

**WHEREAS:**

The T4IB has requested that the T4CB perform certain services including clearing and record-keeping activities for the T4IB in respect of the T4IB and in respect of clients ("Clients") introduced to the T4CB by the T4IB, all as more fully described in section 4 and Schedule "A" hereto;

The T4CB has agreed to perform such services;

The T4IB is a member in good standing of the [stock exchange, futures exchange, IIROC];

The T4CB is a member in good standing of the [stock exchange, futures exchange, IIROC];

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for valuable consideration, including the mutual promises and the other terms and provisions contained herein, and the sum of One (\$1.00) Dollar now paid by each of the parties hereto to the other the receipt of which is hereby acknowledged by the parties, the parties agree as follows:

**1. Definitions**

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

1.1 "*applicable law*" means all laws including securities laws, regulations, rules and policies applicable to the Services, of each province of Canada in which each of the T4CB and T4IB carry on business, as the same may be enforced from time to time during the term of this Agreement;

1.2 "*Applicable SROs*" means the SROs that have prescribed SRO Requirements which apply to each of the parties in connection with the Services and other matters and proceedings contemplated by this Agreement;

1.3 "*Client*" means a client of the T4IB who is introduced by the T4IB to the T4CB and for whom the T4CB opens an account;

1.4 "*Deposit*" means the deposit of cash and/or securities, made by the T4IB to the T4CB, described in section 10 of, and as set out in Schedule "D" to, this Agreement;

1.5 "*margin account*" means a margin account opened by the T4CB for a Client for trades in securities which is subject to the requirements in section 9.11 of this Agreement;

1.6 "*SRO*" means the Investment Industry Regulatory Organization of Canada for so long as it is participating institution of the Canadian Investor Protection Fund;

1.7 "*SRO Requirements*" includes the by-laws, rules, regulations, rulings, instructions, decisions, directions, notices and policies of each SRO as the same may be in force from time to time during the term of this Agreement which apply to each of the parties in connection with the Services and other matters and proceedings contemplated by this Agreement. For greater certainty, where there is a conflict between SRO Requirements, the parties shall comply with the most stringent SRO Requirements;

1.8 "*securities*" includes securities, commodities, commodity futures contracts and commodity futures options as defined in any applicable law or SRO Requirement;

1.9 "*Services*" means the services provided by the T4CB to the T4IB in respect of the T4IB's principal business and in respect of Clients pursuant to this Agreement, as set out in section 4 of, and Schedule "A" to, this Agreement; and

1.10 "*trade*" means a trade as defined in any applicable law or SRO Requirements.

Any term not defined herein shall have the same meaning as it has in the SRO Requirements of the Applicable SROs.

## **2. Retainer of Services**

The T4IB retains the T4CB for the term of this Agreement to provide the Services and the T4CB agrees that it will provide such Services in the manner and on the terms provided in this Agreement.

## **3. Compliance with Applicable Law and SRO Requirements**

3.1 To the extent that the provisions of this Agreement do not provide for dealings between the T4CB and the T4IB, normal brokerage practices, subject to SRO Requirements, shall apply.

3.2 The T4CB and the T4IB each undertake to remain a member of an SRO during the term of this Agreement.

3.3 [With respect to Services, matters and proceedings contemplated by this Agreement that are governed by SRO Requirements, the T4IB and the T4CB irrevocably agree that they shall submit all disputes arising from or relating to this Agreement to binding arbitration, which shall be conducted in accordance with the UNCITRAL Model Law on International Commercial Arbitration. Any arbitration hereunder shall take place in the English language, in [place of hearing]. The arbitral tribunal shall apply the substantive laws of the [Province of ], save and except its conflicts of laws rules. Any adjudicator so appointed shall be satisfactory to the T4IB, the T4CB and the Applicable SROs.]

## **4. Services to be Provided by the T4CB**

The T4CB agrees to provide the following Services:

### **A. Trading Services**

4.1 The T4CB shall trade securities for Clients and for the T4IB's principal business on the exchanges and in the over-the-counter markets as agreed to in Schedule "C" hereof in accordance with SRO Requirements and applicable law.]

### **B. Clearing Services**

4.2 The T4CB shall make deliveries and settlements of cash and securities in connection with trades made for Clients and for the T4IB.

4.3 The T4CB shall use its reasonable best efforts to clear all trades effected on the exchanges and markets set out in Schedule "C" hereto in respect of the T4IB's Clients' accounts and principal business. However, the T4CB reserves the right, in its sole discretion, and on advice to the T4IB, to refuse to open or clear any account or any order, and to liquidate and close any account if in its opinion such account or order represents an unreasonable credit risk or could

give rise to a breach of applicable law or SRO Requirements. In the event of any such refusal with respect to a trade for the T4IB's principal business or Client accounts, the T4IB may place such trade with another securities dealer that meets applicable SRO Requirements.

**C. Segregation/Safekeeping Services**

4.4The T4CB shall hold securities and/or cash of Clients and of the T4IB in segregation or safekeeping, as the case may be, as and when required by applicable law or SRO Requirements, and the parties hereto acknowledge that the T4CB can make use of such securities and/or cash in the same manner as it is permitted to use the securities and/or cash of clients not introduced to it by the T4IB. In particular, and without limiting the generality of the foregoing, no securities, cash, credit balances or other property in the account of a Client of the T4IB held by the T4CB shall be used or applied in any way to secure or satisfy the indebtedness of either (a) another Client, or (b) the T4IB or the T4CB, except to the extent that such Client has guaranteed the payment of the indebtedness of such other Client or the Client is otherwise indebted to the T4IB or to the T4CB. Notwithstanding any other term of this Agreement, the T4CB shall not have recourse to any securities, cash or other property required to be held in segregation or safekeeping for Clients introduced by the T4IB in order to settle any indebtedness or accounts owing to the T4CB from the T4IB arising under this Agreement.

**D. Recordkeeping/Information Services**

4.5The T4CB or its duly appointed agent shall prepare, print and issue by ordinary mail or otherwise deliver directly to Clients, with respect to the trades cleared by the T4CB referred to in section 4.01, [note: this section is 4.02 if T4CB effects trades for T4IB and square-bracketed s.4.01 is included] documents as required by applicable law and SRO Requirements including, without limitation:

(a) confirmations of trades;

(b) monthly statements summarizing transactions for the preceding month and closing positions, if any;

(c) for inactive accounts, statements of securities and money balances held by the T4CB for Clients in accordance with applicable SRO Requirements,

in the name[s] of the [T4CB and the - delete contents of square brackets and s.7.01 if choose to include ss.6.07 and 6.08] T4IB, under account numbers provided by the T4CB. [The roles of each of the T4CB and the T4IB shall be disclosed on each such document - delete contents of square brackets and s.7.01 if choose to include ss.6.07 and 6.08.] A copy of all such documents shall be mailed or delivered to the T4IB at the same time and in the same manner as those documents are sent to Clients.

4.6 The T4CB shall maintain and keep current and proper all records and accounts in respect of Client accounts and T4IB principal business as prescribed by applicable law and SRO Requirements, including records and accounts of trades, of securities segregated and/or held in safekeeping on behalf of, and cash balances accruing to the credit of, Clients and the T4IB.

4.7 The T4CB shall provide the T4IB and the Applicable SROs with such information, including by way of access to electronic databases, in respect of the accounts of Clients and of the T4IB as the T4IB and the Applicable SROs may reasonably require in order to be fully informed with respect to the Clients' accounts, and the T4IB's principal business. Such information shall include the information described in Schedule "B" hereto.

## **5. Undertakings of the T4CB**

### **A. Use of Information**

5.1 The T4CB shall refrain, without the consent of the T4IB, from using any information obtained from the T4IB pursuant to, or arising out of, this Agreement for the purpose of soliciting business from Clients or for any other purpose inconsistent with its rights and obligations under this Agreement and under applicable SRO Requirements. Nothing herein contained shall prevent the T4CB from accepting for its own account unsolicited business from any party who was or is a Client introduced by the T4CB.

### **B. Treatment of Accounts**

5.2 [The T4CB shall trade for Clients in every respect as it would trade for its own clients.]

5.3 The T4CB shall administer the accounts of Clients and the principal business of the T4IB in compliance with applicable law and SRO Requirements.

### **C. Applicable Law and SRO Requirements**

5.4 The T4CB shall comply with all applicable law and SRO Requirements as the same relate to the Services and to all other matters and proceedings to be provided or contemplated to be provided by it by this Agreement.

## **6. Undertakings of the T4IB**

### **A. Trading**

6.1 The T4IB shall trade or otherwise deal in securities only where the T4IB is properly registered or licensed to do so in accordance with applicable law and SRO Requirements.

6.2The T4IB shall cause all trades or other dealings for Clients [and for the T4IB's principal business] in securities [ made ] on the exchanges and in the over-the-counter markets as agreed to in Schedule "C" hereof to be [made and] cleared by the T4CB in accordance with this Agreement.

6.3[The T4IB shall place all orders to be executed by the T4CB through the T4CB's order management system or the T4CB's order desk in [City].]

**B. Facilitating Cash Transactions**

6.4The T4IB shall execute cash transactions including, without limitation, the deposit of cash on behalf of, or the withdrawal of cash for, Clients whose accounts are carried by the T4CB through the use of an account [in the name of the T4IB] or [in the name of the T4CB].

**C. Client Accounts**

6.5The T4IB shall, at the time of the opening of a Client account, advise the Client of its relationship to the T4CB and of the relationship between the T4CB and the Client, in the form attached as Schedule "F".

6.6The T4IB shall convey necessary payments and deliveries of cash and securities in order to permit the T4CB to meet its responsibilities in connection with Client accounts and T4IB principal accounts. Any excess cash or securities received by the T4IB in connection with Client accounts may be retained by the T4IB.

6.7[The T4IB shall ensure that all contracts entered into with Clients and all statements, contracts and other account or trading related correspondence and documentation sent to Clients shall display the name of the T4IB.

6.8The T4IB shall, at least annually, advise each Client in writing of its relationship to the T4CB and of the relationship between the T4CB and the Client in the form attached as Schedule "G" [-include either ss. 6.07 and 6.08 or s. 7.01]].

**D. Information**

6.9The T4IB shall provide, as and when required by the T4CB, in a timely manner, such information as may reasonably be required by the T4CB to carry out its obligations under this Agreement and to determine whether it wishes to accept any particular order or account. The T4IB shall keep such information up-to-date in a timely manner but nothing herein contained shall relieve the T4IB from compliance with all SRO Requirements.

**E. Applicable Law and SRO Requirements**

6.10 Except for those Services and other matters and proceedings contemplated by this Agreement to be performed by the T4CB, the T4IB shall be and remain responsible for its business conduct and for compliance with applicable law and SRO Requirements contemplated by this Agreement for each account introduced to the T4CB by the T4IB.

6.11 In particular, the T4IB shall be responsible for account supervision, including, without limiting the generality of section 6.10:

(a) obtaining account opening documentation from Clients;

(b) the application of applicable law and SRO Requirements with respect to:

- (i) "know your client" rules; and
- (ii) determining the suitability of:

- A. trading activity; and
- B. the nature of securities purchased.

(c) The T4IB shall, and acknowledges its obligation under this Agreement to, review for accuracy the records and reports provided to or prepared for the T4IB by the T4CB as set out in Schedule "B" hereof in connection with the Services under, and matters and proceedings contemplated by, this Agreement, and to report any discrepancies to the T4CB.

## **7. Joint Undertakings of the T4CB and the T4IB**

7.1 [The T4CB and the T4IB shall be jointly responsible to ensure that all contracts entered into with Clients and all statements, contracts and other account or trading related correspondence and documentation sent to Clients shall display the names and the roles of the T4IB and of the T4CB - include either ss. 6.07 and 6.08 or s. 7.01].

## **8. Insurance Coverage**

8.1 The T4IB and the T4CB shall each be responsible for maintaining insurance coverage as required under applicable law and SRO Requirements.

8.2 In particular, but without limiting the generality of section 8.01, both the T4IB and the T4CB shall:

(a) maintain Financial Institution Bond coverage for fidelity insurance;

(b) maintain insurance coverage for registered mail; and

(c)include all accounts introduced to the T4CB by the T4IB in each of their calculations of asset measurement for the purposes of ascertaining minimum Financial Institution Bond coverage pursuant to SRO Requirements.

## **9. Capital and Margin**

### **A. Undertakings of the T4CB**

#### **1. Client Accounts**

9.1The T4CB shall maintain margin accounts on the T4CB's books for Clients wishing to maintain such accounts, and be responsible for ensuring that all Client margin accounts are operated in compliance with applicable law and SRO Requirements, including, without limitation, the ongoing calculation of margin for such accounts in accordance with applicable law and SRO Requirements.

#### **2. T4IB Principal Business**

9.2For the purposes of preparing its reports pursuant to SRO Requirements, the T4CB shall treat the T4IB's account which contains the T4IB's principal business carried by the T4CB as an account of an SRO member for margin calculations.

9.3The T4CB shall provide for margin for principal business which it carries for the T4IB to the extent of any equity deficiency therein.

#### **3. Recordkeeping and Reporting**

9.4The T4CB shall:

(a)report, on a monthly basis, one balance owing to or from the T4IB reflecting all accounts of Clients in aggregate (which aggregate report shall not release, discharge, limit or otherwise affect the T4CB's obligations and liabilities to the individual Clients);

(b)report principal business of the T4IB as a client account in reports made, including in the Joint Regulatory Financial Questionnaire and Report or Monthly Financial Report, and

(c)comply with the free credit segregation rules in connection with Client accounts as required by the Joint Regulatory Financial Questionnaire and Report made,

in accordance with applicable law and SRO Requirements. Copies of such reports and calculations shall be delivered to the Applicable SROs.



**B. Undertakings of the T4IB**

**1. Minimum Capital**

9.5The T4IB shall maintain sufficient financial resources for the operation of each Client account as required pursuant to SRO Requirements.

9.6The T4IB shall maintain at least the minimum capital as prescribed under SRO Requirements.

**2. Client Accounts**

9.7The T4IB shall be responsible for ensuring that all Client cash and margin accounts are operated in compliance with applicable law and SRO Requirements, including, without limitation, the ongoing calculation and provision of margin for such accounts in accordance with applicable law and SRO Requirements.

**3. Principal Business**

9.8The T4IB shall be responsible for ensuring that all of its accounts which contain its principal business are operated in compliance with applicable law and SRO Requirements.

9.9The T4IB shall calculate and provide margin for principal business carried for it by the T4CB in accordance with applicable law and SRO Requirements.

**4. Reporting**

9.10The T4IB shall:

(a)report all principal positions introduced to the T4CB by the T4IB;

(b)report margin requirements and charges for and report all accounts of Clients on a monthly basis;

(c)include all Client positions in concentration calculations made, and

(d)comply with the free credit segregation rules in connection with Client accounts as required by the Joint Regulatory Financial Questionnaire and Report made,

in accordance with applicable law and SRO Requirements. Copies of such reports and calculations shall be delivered to the Applicable SROs.

**C. Margin Agreements and Guarantee Documentation**

9.11 Both the T4CB and the T4IB shall be parties to any margin agreement and guarantee documentation with Clients. All such agreements and documentation shall be made in the names of the T4IB and the T4CB [and the roles of the T4IB and the T4CB shall be disclosed thereon - ~~delete contents of square brackets and s.7.01 if include ss. 6.07 and 6.08.~~]

**or**

9.11 The T4IB shall be party to any margin agreement and guarantee documentation with Clients. All such agreements and documentation shall be in the name of the T4IB [and the roles of the T4IB and the T4CB shall be disclosed thereon - ~~delete contents of square brackets and s.7.01 if choose to include ss.6.07 and 6.08.~~]

**10. Deposit**

10.1 The T4IB may provide to the T4CB a Deposit as described in Schedule "D" hereof, and in order to secure the payment and performance of all obligations of the T4IB and Clients to the T4CB from time to time the T4IB hereby pledges and grants to the T4CB a first priority security interest in the Deposit including, without limitation, in all property and assets forming a part thereof, as constituted from time to time in favour of the T4CB.

10.2 If the Deposit is provided, the T4CB shall segregate the Deposit in accordance with SRO Requirements.

10.3 If the Deposit is provided, the T4IB shall report the Deposit in the manner prescribed by SRO Requirements.

10.4 The T4CB may, in accordance with section 10.06 below, offset against the Deposit any deficiency, determined in accordance with SRO Requirements, in the market value of the securities in the accounts introduced to the T4CB, including accounts which contain the T4IB's principal business and for Client's accounts introduced to the T4CB.

10.5 The T4IB agrees to comply with the guidelines, policies and requirements regarding the Deposit as contained in Schedule "D" to this Agreement which may be modified from time to time on written notification to the T4IB from the T4CB.

**A. Offsets Against the Deposit**

10.6 The T4CB may, upon notice to the T4IB pursuant to section 14.07 hereof, offset against the Deposit as provided in sections 10.01 and 10.04 hereof:

(a) any unsecured receivables or margin deficiencies in the accounts of Clients; and

(b) any unsecured receivables in the accounts of the T4IB;

as required pursuant to SRO Requirements, and

(c) any secured receivables that the T4CB, in its sole discretion, determines represent an unreasonable credit risk,

all in the manner and to the extent permitted by SRO Requirements. The T4CB shall offset against the Deposit, firstly, receivables and margin deficiencies in the accounts of Clients and, secondly, receivables in the accounts of the T4IB.

10.7 Upon receipt pursuant to section 14.07 of this Agreement of a notification described in section 10.06, the T4IB shall reclassify the Deposit or the portion thereof relating to the offset on its financial reports as prescribed by SRO Requirements.

10.8 Upon termination of this Agreement, the T4IB agrees that the T4CB may offset against the Deposit amounts owed by the T4IB or the Clients to the T4CB in the manner and to the extent that offsets are permitted by SRO Requirements. Such offset shall be made in the order prescribed in section 10.06. The balance of the Deposit reverts to the T4IB upon termination of this Agreement.

## **11. Indemnities**

11.1 The T4CB shall indemnify and save harmless the T4IB with respect to any loss, liability, damages, costs or expenses which the T4IB may incur arising out of errors or omissions committed by the T4CB in carrying out instructions given to it by the T4IB.

11.2 The T4CB shall indemnify and save harmless each Client, except where such loss or damage is as a result of the negligence of the T4IB, from all claims, actions, causes of action, demands, losses, damages, costs or expenses or any other liability whatsoever suffered or incurred by such Client resulting from any errors or negligence on the part of the T4CB in the performance of its obligations under this Agreement.

11.3 The T4IB acknowledges that all obligations to pay for securities purchased and to deliver securities sold by Clients rest with the Clients and the T4IB and not the T4CB.

(a) Should the Deposit be insufficient to cover the receivables or deficiencies described in section 10.06, the T4IB will, upon notice from the T4CB, pay to the T4CB an amount, up to the amount permitted to be offset against the Deposit at any given time pursuant to the SRO Requirements (the "Indemnity Amount"), required to satisfy the obligations described therein. If the first Indemnity Amount paid is insufficient to satisfy the obligations of the T4IB to the T4CB, then the T4IB acknowledges that its obligation to deliver further Indemnity Amounts

continues until such time as the T4IB has delivered such further Indemnity Amounts to the T4CB as are required to satisfy said obligation.

(b)[The T4IB hereby pledges and grants to the T4CB a first priority security interest in securities from time to time held by the T4CB for each of the Clients and principal accounts of the T4IB in order to secure the payment and performance of all obligations of the T4IB and the Clients to the T4CB from time to time. In the event of the bankruptcy or insolvency of the T4IB, or the T4IB is no longer a member of an SRO, the T4CB shall be entitled, on notice to the T4IB, to sell securities held by the T4CB for each of the Clients ("Defaulting Clients") of the T4IB including the T4IB's principal accounts, whose trading activities are the source of the T4IB's default, that will, upon disposition, give rise to sale proceeds equal in value to that portion of the amount specified in the notice that is attributable to such Defaulting Client's trading activities and the T4CB will be entitled to retain such proceeds in satisfaction of the amount owing to it by the T4IB and will credit the T4IB's account accordingly. To facilitate this arrangement the T4IB agrees to notify the Clients within a reasonable time period in writing that the T4CB is entitled, in accordance with the terms of this Agreement, to sell securities of Defaulting Clients that are in the T4CB's possession from time to time for the purpose of recovering amounts owing to the T4CB by the T4IB as a result of the non-payment of a specific Defaulting Client - include portion in square brackets only if choose second version of s.9.11 hereof].

(c)Without limiting the generality of the foregoing, the T4IB:

(i)agrees to indemnify and save harmless the T4CB from any loss, liability, damages, costs or expenses which the T4CB may suffer or incur by reason of the failure of the T4IB or any of the Clients to make any payment of money or delivery of securities to the T4CB as and when required by it including, without limitation, payment of all commissions, margin and interest charges on late payments charged by the T4CB up to the Indemnity Amount and such further Indemnity Amounts as are necessary to be paid to satisfy the obligation hereunder; and

(ii)agrees to indemnify and save harmless the T4CB from any loss, liability, damages, costs or expenses, suffered or incurred by it arising out of any act or failure to act on the part of the T4CB in the course of it in good faith carrying out its obligations or exercising its discretion hereunder, up to the Indemnity Amount and such further Indemnity Amounts as are necessary to be paid to satisfy the obligation hereunder, except where such loss, liability, damages, costs or expenses are suffered or incurred as a result of the negligence of the T4CB.

## **12.Fees**

The T4IB shall remunerate the T4CB for its Services hereunder in accordance with the rates set out at Schedule "E". The fees so set out may be amended by mutual written consent during the term of this Agreement.

## **13.Term and Termination**

13.1 Subject to termination as prescribed in this section 13, this Agreement shall be effective for a period of • years from the date first above written. Subject to receipt of written approval of the Applicable SROs, this Agreement may be terminated by the T4IB or the T4CB or by the Applicable SROs or any of them on the [first (1st)] day of any calendar month upon [thirty (30) days] prior written notice of termination. A copy of any such notice given or received shall be promptly delivered to the Applicable SROs by the T4IB. No such termination shall be effective until the Applicable SROs have consented to the termination. Upon any termination notice being given hereunder, the parties shall cooperate to provide for an orderly unwinding of any outstanding transactions and for the orderly transfer of account monies and securities. All indebtedness of the parties to each other will be discharged in full on or before the date of termination.

13.2 In the event that either party to this Agreement ceases to be a member of an SRO, this Agreement shall, subject to the consent of the Applicable SROs, be terminated on a date fixed by the Applicable SROs and the parties shall cooperate to provide for an orderly unwinding of any outstanding transactions and for the orderly transfer of account monies and securities. All indebtedness of the parties to each other will be discharged in full on or before the date of termination.

13.3 Notwithstanding any termination of this Agreement pursuant to this section 13, this Agreement shall remain in full force and effect insofar as sections 5.01, 11.01, 11.02 and 11.03(a) and (c) and section 12 hereof are concerned.

## **14.Other**

14.1 **Assignment** - This Agreement shall not be assignable without written consent of the T4IB, the T4CB and the Applicable SROs.

14.2 **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of [ ] and the laws of Canada applicable therein. The parties hereto hereby agree that any disputes arising under this Agreement shall be tried in the courts having jurisdiction in and for the Province of [ ] and for such purpose hereby irrevocably attorn to the exclusive jurisdiction of such courts.

**14.3 Entire Agreement** - Subject to section 3.01 hereof, the parties acknowledge and agree that this Agreement and the Schedules hereto contain the entire agreement between the parties concerning the relationship between the T4CB and the T4IB. No amendment to this Agreement (including the Schedules) shall be effective unless it is in writing, executed by the parties hereto, and receives the subsequent written approval of the Applicable SROs.

**14.4 Headings** - The division of this Agreement into sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**14.5 Breach** - The T4CB and the T4IB agree that their obligations and commitments to each other under this Agreement are enforceable not only by each of them against the other but also by the Applicable SROs. The acquiescence by any party to any breach of this Agreement shall not constitute an amendment hereto or a waiver by such party of its rights in respect of any succeeding breach of this Agreement or of its right to insist upon strict compliance with the provisions of this Agreement.

**14.6 Default** - If either of the T4CB or the T4IB is in default of applicable law or SRO Requirements in the exercise of its rights or the performance of its obligations hereunder, the Applicable SROs or any of them may give notice of such default to the T4CB or the T4IB, with a copy to any other Applicable SRO, whereupon the parties shall have [90] days within which to cure, or to take steps which may be reasonably expected to cure, such default, failing which the Applicable SRO that gave notice may forthwith terminate this Agreement. A copy of any notice given under this clause shall be given to both the T4CB and the T4IB. Nothing in this section 14.06 shall limit the rights of the Applicable SROs under section 13 hereof.

**14.7 Notice** - Any notice required by this Agreement shall be in writing and shall be given either by regular first class mail, by prepaid registered post, or by personal delivery addressed to each party as follows:

to T4IB:

Attention: \_\_\_\_\_

and to T4CB:

Attention: \_\_\_\_\_

Any such notice shall be deemed to have been received on and be effective from the third day after the date of mailing, if mailed, or on the day of delivery, if delivered. If the day of delivery is not a business day, the notice shall be deemed to have been received on the next following business day. In the event that the postal service is not fully operative by reason of labour disputes or otherwise at the time any notice is to be given hereunder, such notice shall be given by personal delivery. Either party may change its address for the purposes hereof by notice to the other. A copy of any notice given or received hereunder shall be delivered promptly to the Applicable SROs.

14.8 **Time** - Time shall be of the essence of this Agreement.

14.9 **Language** - The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressément demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

14.10 **Currency** - All dollar amounts referred to in this Agreement are in Canadian funds.

14.11 **Effective Date** - This Agreement shall be effective as of the date first above written subject to written confirmation by the Applicable SROs of the acceptability to them of this Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement, and by their signatures attest that they have made no Changes to this Uniform Type 4 Introducer/Carrier Broker Agreement. "Changes" means changes to provisions or words of this Agreement other than those provisions or words in square brackets.

[ **T4CB** ]

By: \_\_\_\_\_

By: \_\_\_\_\_

[ **T4IB** ]

By: \_\_\_\_\_

By: \_\_\_\_\_



**SCHEDULE "A"**

**SERVICES**

**SCHEDULE "B"**

The information to be provided by the T4CB to the T4IB and to the Applicable SROs consists of the information checked off below:

- account status reports;
- commission summaries;
- confirmation statements;
- daily trade blotters;
- delinquent account reports;
- daily DAS files;
- daily stock record files;
- daily trade calculation files;
- daily bookkeeping files;
- daily name/address update files;
- month-end trade calculation files;
- month-end bookkeeping files;
- full name/address files (on request);
- capital requirements calculations and records of charges for Client

accounts;

- concentration calculations;
- principal positions of the T4IB.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE "C"**

The T4IB shall effect all of its trades or other dealings for Clients and the T4IB's principal business on the exchanges and in the over-the counter markets checked off below:

the Toronto Stock Exchange

the Montreal Exchange

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**SCHEDULE "D"**

**DEPOSIT**

**SCHEDULE "E"**

**FEES**

**SCHEDULE "F"**

**ACCOUNT OPENING DISCLOSURE TO BE PROVIDED TO CLIENTS BY T4IB**

**SCHEDULE "G"**

**ANNUAL DISCLOSURE TO BE PROVIDED TO CLIENTS BY T4IB**

## SCHEDULE "H"

### U.S. WITHHOLDING TAXES

#### 1. Definitions

In this Schedule, unless the context otherwise requires, the following terms shall have the following meanings:

- 1.1 "*Attachment*" means the "Attachment for Canada" that has been issued by the IRS and is attached to the QI Agreement;
- 1.2 "*Code*" means the Internal Revenue Code of the United States of America;
- 1.3 "*Convention*" means any bilateral income tax convention in force from time to time to which the United States of America is a party;
- 1.4 "*External Auditor*" means any approved auditor listed in Appendix B of the QI Agreement that the QI engages to perform the audits required by section 10 of the QI Agreement;
- 1.5 "*IRS*" means the Internal Revenue Service of the United States of America;
- 1.6 "*Overwithholding*" means the excess of the amount actually withheld under chapter 3 or §3406 of the Code over the amount required to be withheld;
- 1.7 "*QI*" means a Qualified Intermediary;
- 1.8 "*QI Agreement*" means the agreement to be entered into between the T4CB and the IRS pursuant to an application dated <> by the T4CB to the IRS, as such agreement may be amended from time to time;
- 1.9 "*Qualified Intermediary*" means a person described in Treas. Reg. §1.1441-1(e)(5)(ii) to the Code, that enters into a withholding agreement with the IRS to be treated as a qualified intermediary and acts in its capacity as a qualified intermediary;
- 1.10 "*Underwithholding*" means the excess of the amount required to be withheld under chapter 3 of the Code or §3406 of the Code over the amount actually withheld;
- 1.11 "*U.S. Payor*" has the same meaning as in Treas. Reg. §1.6049-5(c) to the Code; and
- 1.12 "*Withholding Agent*" means a person making a payment to a Qualified Intermediary;

#### 2. Receipt of QI Agreement

2.1 The T4IB acknowledges receipt of a copy of the QI Agreement and confirms that it is aware of the obligations of the T4CB under the QI Agreement. The T4CB will provide to the T4IB, from time to time, any amendment to the QI Agreement as soon as practicably possible after the amendment is entered into.

#### 3. Withholding Obligation



3.1 Subject to the provisions of this Agreement, of which this Schedule forms a part, and of the QI Agreement, the T4CB will agree, pursuant to the QI Agreement, to assume primary responsibility for withholding amounts paid by a U.S. Payor to the Clients. The T4CB will withhold tax at the reduced rate provided for by a Convention only if it receives all requisite documentation in accordance with the provisions of Article 4 of this Schedule.

#### **4. Documentation**

4.1 The T4IB will obtain from the Client all information required by the T4CB in order to satisfy its requirements under the QI Agreement to withhold tax at a reduced rate provided for by a Convention. The T4IB will also obtain from its Clients an undertaking to provide whatever information the T4CB may at any time request in order to comply with the T4CB's obligations under the QI Agreement. The T4IB recognizes that if the information required is not provided to the T4CB, the T4CB may withhold tax at the statutory rate without the reduction provided by the Convention.

#### **5. Audit**

5.1 The T4IB agrees to allow the T4CB's External Auditor access to examine the documentation referred to in Article 4 above should the External Auditor require such access in carrying out an audit pursuant to the QI Agreement. The T4IB agrees to carry out in the manner and time outlined in sections 9 and 11 of the QI Agreement whatever action is requested by the External Auditor so that the T4CB is in compliance with the QI Agreement. The T4CB reserves the right to withhold at the statutory rate if the T4IB does not demonstrate to the satisfaction of the T4CB that the action requested by the External Auditor has been taken. Whether the T4IB has adequately demonstrated compliance with the requested action of the External Auditor will be determined in the sole discretion of the T4CB, acting reasonably.

#### **6. Overwithholding**

6.1 Where a Withholding Agent has withheld an amount in excess of the amount required to be withheld, the QI will take all reasonable steps in order to recover the excess amount withheld. Where the QI does receive a refund of an amount withheld, the QI will take all reasonable steps to forward the excess amount to the Client as soon as possible.

#### **7. Underwithholding**

7.1 Where the QI establishes that it should have withheld an amount from payments made to the Client and such amounts were not withheld, the QI may either withhold from future payments made to the Client or satisfy the tax from property that it holds in custody for the Client or property over which it has control. The rights of the QI pursuant to this Article 7 may be exercised only if and to the extent that there are insufficient funds in the Deposit to reimburse the T4CB or the T4CB is not entitled to access the funds in the Deposit.

#### **8. Indemnification**

8.1 The T4IB shall indemnify and save harmless the T4CB with respect to any loss, liability, damages, costs or expenses which the T4CB may incur as a result of carrying out its obligations

under the QI Agreement in respect of the Clients, other than any such losses, liabilities, damages, costs or expenses that arise by virtue of the negligence of the T4CB.